

IMF's Christine Lagarde: "When The World Goes Downhill, We Thrive"

By [Zero Hedge](#)

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When we [wrote earlier](#) that based on a leaked Wikileaks transcript, which the Greek government interpreted "as revealing an IMF effort to blackmail Athens with a possible credit event to force it to give in on pension cuts which it has rejected", the article promptly went viral. While it remains to be determined if the IMF indeed made such an implied threat, we attribute this spike in interest to the general public's surprise that the IMF could stoop to such a low, even by its own standards, level as to use a nation of 11 million people as a lab rat on which to conduct policy experiments.

But why the surprise?

As the below transcript [from a April 2012 interview given by Lagarde to the Wharton school at UPenn](#), none other than IMF president **Lagarde herself admitted that for the IMF to "thrive", the world has to "goes downhill"**, and that the IMF **"to be sustainable" it needs to be "very in touch with our client base."**

She added that **"when the world goes well and we've had years of growth, as was the case back in 2006 and 2007, the IMF doesn't do so well both financially and otherwise"**

It goes without saying that Lagarde's sole prerogative as the managing director of the IMF is to make sure it **"does well."**

She concluded by saying that *"we need to be able to invent and reinvent ourselves in many ways."* One such client-facing "reinvention" just happened to be caught on tape.


Here is the key section:

Knowledge@Wharton: Of all the things that you do here, what are you most passionate about? What would you really like to make sure happens? It could be a small thing, it could be a large thing. What is it that really has your heart?

Lagarde: That's complicated. I think it's this issue of relevance ... that is of real concern to me. You see, this is a very fascinating institution because it's completely counter-cyclical. When the world around the IMF goes downhill, we thrive. We become extremely active because we lend money, we earn interest and charges and all the rest of it, and the institution does well. When the world goes well and we've had years of growth, as was the case back in 2006 and 2007, the IMF doesn't do so well both financially and otherwise.

For this institution, which is a fascinating mix of almost all countries of the

world with a single objective that should transcend all their respective individual policies and strategies, for it to be sustainable, we need to be very agile, very in touch with our membership, with our client base, if you will. We need to be able to invent and reinvent ourselves in many ways. So, as I was explaining about going from bilateral to multilateral surveillance, from a narrow focus to something that is more holistic, that is exactly what is at stake

 [h/t @rudychavenstein](#)

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